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GENERAL

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1. US-UK officials to block Soviet rail traffic in Germany--US Political Adviser Murphy in Berlin transmits a decision of US-UK Zone Germany officials that beginning 26 July no railway traffic starting from or destined for Soviet Zone Germany will be accepted. According to the decision, however, international transit rail traffic which begins and ends in countries outside Germany will still be allowed to cross the western zone, even when such traffic involves movement through the Soviet Zone.

(CIA Comment: This extension of the UK embargo on barge and rail traffic of 24 June will have further adverse effects on the economy of the Soviet Zone, regarding which Marshal Sokolovsky has already expressed concern.)

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NEAR EAST-AFRICA

2. IRAQ: Continuing opposition to cease-fire threatened—According to US Embassy Cairo, Iraqi spokesmen in Cairo have protested to the Egyptian Foreign Minister concerning statements that Arab League acceptance of the UN cease-fire order in Palestine had been unanimous. Iraqi representatives declared that they had not voted for acceptance and that they would continue to oppose the cease-fire even if such a course meant expulsion from the UN.

25X1

3. SAUDI ARABIA: Anti-US tension thought relieved—US Legation Jidda expresses the view that the tense situation over Palestine which caused grave apprehension that Saudi Arabia might break relations with the US has apparently passed. The Legation believes that unless the US takes unlateral action which is favorable to Israel and adverse to the Arab states, the possibility either of a break with the US or of cancellation of US oil concessions appears remote.

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4. INDIA: 10,000 Nepalese troops to be loaned to India—US Charge Donovan has been informed by the Nepalese Ambus—sador to India that Nepal is lending 10,000 troops to India. The Ambassador stated confidentially that the Indian purpose in obtaining the use of these troops for internal security buty in India is to release regular Indian Army troops for service in Kashmir. Donovan agrees that the use of these Nepalese troops will permit an increase in India's fighting forces in Kashmir or in possible military operations in Hyderabad.